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UNITED STATES DISTRICT COURT

EASTERN DISTRICT OF CALIFORNIA

SACRAMENTO DIVISION

SECURITIES AND EXCHANGE COMMISSION, Plaintiff, v. SECURE INVESTMENT SERVICES, INC., AMERICAN FINANCIAL SERVICES, INC., LYNDON GROUP, INC., DONALD F. NEUHAUS, and KIMBERLY A. SNOWDEN, Defendants.	Case No. 2:07-cv-001724 GEB CMK **EXAMINER'S THIRD INTERIM FEE APPLICATION** Date: April 6, 2009 Time: 9:00 a.m. Courtroom: 10

TO THE HONORABLE UNITED STATES DISTRICT COURT:

Examiner Steven A. Harr ("Examiner") moves for an order directing payment of his fees and expenses and that of his counsel herein, respectfully stating:

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Facts

1. This Application covers principally the period from August 28, 2008 through January 15, 2009. Billing statements showing the specific activities of the Examiner are set forth on the attached Exhibit "A."

2. In summary, during the period covered by this Application, the Examiner primarily acted to respond to investor inquiries. The Examiner's counsel and his local counsel also complied with the local rules relative to motions filed by other parties, and complied with administrative requirements, such as preparing filings like this Application.

3. During the period covered by this Application, the issues raised by investors primarily concerned the policies that the Receiver was authorized to abandon last summer. As the Receiver has expressed in other filings, when the Receiver advised investors that he was authorized to abandon policies in which he had a limited interest, most investors chose to transfer their ownership to the Receiver rather than seek alternative means of organizing themselves to support the policies. This left a few investors who now represented a minority with respect to a number of policies. The Receiver concluded that these investors were unfairly benefiting from the resulting situation. The Receiver conferred with the Examiner and the SEC about the situation, and ultimately decided to approach the Court with the recommendation that these investors be given the choice of paying a portion of the premiums or transferring their ownership as well. The Court approved the Receiver's recommendation with respect to a number of policies and has continued to rule consistently with respect to additional policies. In the course of these events, many investors wished to obtain information from the Examiner and to discuss various issues with the Examiner related to these developments. Additionally, a number of investors wished to comment to the Examiner as to their preference relative to selling or holding the portfolio, and to discuss the most appropriate overall course of action to be taken. In these discussions, it is clear that there are risks associated with either approach. On the one hand, selling the portfolio has the advantage of reducing the current value to a known amount, but also the risk of losing a potential maturity. Conversely, holding the portfolio has the advantage of a large potential upside, but also the

risk that the premium debt will exceed the salvage sale value of the portfolio and investors will receive nothing. On balance, investors continue to favor holding the portfolio, but many investors have wished to discuss the matter with the Examiner and/or his agents at some length. The Examiner is continuing to evaluate this issue as well.

4. As shown on Exhibit "A," the total amount sought for this period is $13,450.50. Specifically, the fees and expenses incurred are as follows:

Invoice No.	Bill Date	Fees	Cost	Total
MGS19830	10/8/2008	85.50	0.00	85.50
MH10206124	10/21/2008	4,113.00	29.54	4,142.54
MGS19957	11/10/2008	453.00	59.80	512.80
MH10209323	12/1/2008	2,104.00	7.38	2,111.38
MGS20066	12/13/2008	313.50	85.22	398.72
MH10211255	1/23/2009	5,432.00	567.56	5,999.56
MGS20129	1/16/2009	200.00	0.00	200.00
		12,701.00	749.50	13,450.50

These fees and expenses were reasonable and were necessarily incurred by the Examiner in carrying out the duties assigned to him herein.

Applicable Legal Standards

5. Although the present matter is an equitable receivership, analogous cases involving bankruptcy estates set forth an appropriate standard for evaluating applications for compensation. See Pennsylvania v. Delaware Valley Citizens Counsel for Clean Air, 478 U.S. 546 (1986); Johnson v. Georgia Highway Express, Inc., 488 F.2d 714 (5th Cir. 1974); Lindy Brothers Builders, Inc. v. Am. Radiator and Standard Sanitory Corp., 540 F.2d 102 (3rd Cir. 1976); Copper Liquor, Inc. v. Adolph Coors Co., 624 F.2d 575 (5th Cir. 1980) ("Copper I") and Copper Liquor, Inc. v. Adolph Coors Co., 684 F.2d 1087 (5th Cir. 1982) ("Cooper II"); Hensley v. Eckerhart, 461 U.S. 424, 103 S. Ct. 1933, 76 L.Ed.2d 40 (1983); In re Blum v. Stenson, 465 U.S. 886, 104 S.Ct. 1541, 79 L.Ed.2d 891 (1984); see also Meronk v. Arter & Hadden, LLP (In re Meronk), 249 B.R. 208, 213 (9th Cir. BAP 2000), aff'd, 24 Fed. Appx. 737 (9th Cir. 2001) (citing Burgess v. Klenske (In re Manoa Fin. Co.), 853 F.2d 687 (9th Cir. 1988)); In re Buckridge, 367 B.R. 191 (Bankr. C.D. Cal. 2007) (citing Kerr v. Screen Extras Guild, Inc., 526 F.2d 67, 70 (9th Cir. 1975), cert. denied, 425 U.S. 951, 96 S.Ct. 1726, 48 L.Ed.2d 195 (1976)).

6. As shown in the above authorities, the Court is entitled to exercise its discretion in taking into consideration a variety of factors, which are discussed below.

Application of Legal Standards

7. In similar fashion, Local Rule 54-293(c) lists the criteria to be considered for the award of attorney's fees. The following addresses the application of certain of the factors applicable to the circumstances of this case:

(1) Time and Labor Required. Attached as Exhibit "A" hereto are statements setting forth the services rendered during the period covered by this Application. The statements show that the time as set forth was actually expended in carrying out the tasks detailed therein. The time expended and expenses incurred were necessary, reasonable and appropriate under the circumstances of this case.

(2) The Novelty and Difficulty of the Issues. As explained in part above, many of the issues raised in this case are novel and complex.

(3) The Skill Required to Perform the Service. A number of issues in this case required a relatively high degree of skill and experience to address. The Examiner and his counsel have directly relevant experience that has allowed them to respond to this situation without incurring nearly as much time and expense as others might under similar circumstances.

(4) The Preclusion of Other Employment Due to the Acceptance of the Case. The Examiner has not declined any representation solely because of the services rendered in this case.

(5) Customary Fee. The Examiner represents and would demonstrate that the hourly rates charged are competitive and customary for the degree and skill of expertise required in the performance of similar services rendered by other experienced professionals in this District. Indeed, the rates were fixed and approved at the time of his appointment (Dkt. 91).

(6) Whether the Fee is Fixed or Contingent. Although the professionals in this matter are retained on the basis of a fixed hourly rate, the ability to compensate

these fees is subject to the limited and uncertain liquidity of the Receivership Estate, as well as the potential for delays occasioned by the process of seeking approval by this Court.

(7) Time Limitations. The Examiner and his counsel have been required to respond promptly to investors. The Examiner has been unable to handle the volume of inquiries personally at certain times and has therefore relied, in part, on his counsel and staff for assistance.

(8) Amounts Involved and Results Obtained. This case involves in excess of 600 investors who invested over $31 million. Many have their life savings at stake. As a result, the attention required to this matter in view of its seriousness is significant. The results obtained by the Examiner are intangible, however, and difficult to measure.

(9) Counsel's Experience, Reputation and Ability. As noted above, the Examiner and his counsel have directly relevant experience that has allowed them to respond to this situation without incurring nearly as much time and expense as others might under similar circumstances. The Examiner's counsel was not retained on the basis of a particular reputation, although his counsel is regarded as good among those familiar with securities enforcement receiverships.

(10) Undesirability. This matter is not undesirable.

(11) Nature and Length of Relationship. The Examiner retained the firm of which he is a member.

(12) Awards in Similar Actions. This is a relatively modest application compared to fees charged in similar cases for similar services. Mainly, this was achieved because of the experience of the Examiner and his counsel in a related action, and in other, similar actions.

Conclusion

8. For the foregoing reasons, the Examiner requests approval and payment of compensation for services rendered and reimbursement of actual and necessary out-of-pocket expenses incurred as more fully set forth in the invoices attached as Exhibit “A.”

Dated: March 6, 2009

Respectfully submitted,

MUNSCH HARDT KOPF & HARR, P.C.

/s/ Dennis L. Roossien, Jr.
Dennis L. Roossien, Jr.

MENNEMEIER, GLASSMAN & STROUD LLP

/s/ Kenneth C. Mennemeier
Kenneth C. Mennemeier

COUNSEL FOR EXAMINER

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